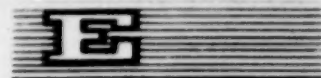




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REVIEW OF THE COUNTRY PRESENTATIONS OF THE LEAST DEVELOPED
AFRICAN COUNTRIES

M81-1995



I. SUMMARY AND CONCLUSIONS

1. Summary and conclusions

1. Among the programmes of the least developed African countries, there is a general uniformity of long-term objectives and priorities which are in line with the Lagos Plan of Action. For almost all countries food self-sufficiency, structural transformation of the economy and infrastructural development are given high priority. The means and strategies for the attainment of the objectives include inter alia improvement of capacity utilization, raising the absorptive capacity of the economy through improved managerial and organizational structures, mobilization of domestic resources especially human and financial resources and increasing productivity especially in agriculture through adequate policy packages.

2. The major targets include an average annual GDP growth of about 6 per cent for the period 1980-1990 which is closely in line with both the targets of the International Development Strategy for the Third United Nations Development Decade and the Lagos Plan of Action. It is also not very far from UNCTAD resolution 122(V) which calls for doubling real GDP by 1990. However, in per capita terms, the planned average annual GDP growth rate of 6 per cent would imply doubling of real per capita GDP in well over 20 years. Sectorally, the two most important productive sectors, namely, agriculture and industry are targetted to grow annually by about 4 per cent and 9 per cent respectively in the period 1979-1990. In the external sector relatively optimistic growth rates are targetted for exports with export growth in real terms averaging 8.7 per cent per annum for the African LDCs as a whole in the 1980s. Imports, on the other hand are projected to grow by about 10.5 per cent implying only a marginal decrease of 0.5 in the import elasticity which averaged 1.8 in the 1970s.

3. For the African LDCs as a group the implementation of the country programmes in the 1980s will require relatively heavy investment expenditures estimated at about \$US 133 billion at 1979 prices with some \$US 53 billion or 40 per cent from domestic sources. The average share of fixed investment in total GDP would be about 21 per cent for the 1980s. In addition there will be need for increased capital efficiency with the incremental capital output ratios falling from the average of 3.8 of the 1970s to about 3.3 in the 1980s. The planned savings are estimated to reach about 15 per cent of GDP by 1990 as compared to 5.6 per cent in 1979 for the African LDCs as a whole implying a relatively high marginal propensity to save of about 0.23 for the 1980s.

4. Structurally, the pattern of investment allocation shows that heavy emphasis has been placed on investment in economic infrastructure and agriculture and in some cases on industry and mining. In the social services, emphasis has been put mainly on education and training. It is not clear however, whether (a) the relatively high level of investment in economic infrastructure has been made on the basis of linkages with other sectors and (b) adequate allocation of resources has been given to the energy sectors particularly with respect to alternative sources of energy.

5. The total external capital requirements on the basis of the country programmes are estimated at \$US 80 billion for 20 African LDCs implying an average annual aid requirement of \$US 8 billion in the period 1981-1990 as compared with \$US 4.1 billion realised in 1979. The figures for the aid requirements in the 1980s is not unrealistic since it is consistent with the proposals made by the group of high level experts on LDCs for doubling aid in real terms by 1985 and quadrupling by the second half of the 1980s.

6. As part of the total development effort, African least developed countries have, at the micro level, presented in their country programmes a portfolio of projects and programmes for the 1980s with most countries expressing explicitly or implicitly that external aid requirements should be the total of both local and foreign exchange costs of the projects and programmes. While a judicious and optimal allocation of resources would require that projects and programmes should be studied in detail to prevent the misallocation of scarce resources a large number of the projects and programmes in the country presentations have no studies or have preliminary studies only. This implies that both considerable time and amounts of money would be required for their proper preparation and appraisal.
7. The capital cost of the projects and programmes can be said to be underestimated, because (a) a large number of them have not been costed or have been costed without feasibility or design studies, so that the costs estimated are likely to be unreliable; (b) feasibility and design studies involving considerably large sums of money have to be conducted for these projects and programmes that can only be said to be at the idea stage; and (c) those projects for which feasibility studies are said to be available need to be updated by the time financial commitments are made because of cost overruns, etc. In general, the capital cost of the projects and programmes do not add up to the gross investment at the macro and sectoral levels.
8. Quite a number of countries have placed considerable emphasis on the rehabilitation or expansion of existing economic activities in order to make full use of under-utilized capital equipment at less cost and without the need to overstrain organizational, administrative and institutional capacities that threaten to be the primary bottlenecks for the implementation of new projects and programmes.
9. On the basis of a preliminary assessment of the projects and programmes and looking further to the future, a number of issues or proposals have been identified for consideration. There is a need to create and strengthen institutional capacities for project preparation and implementation both at the regional and country levels immediately for a consistent and systematic preparation of projects and programmes. The governments of African LDCs should emphasize the necessity for donors to accept and finance feasibility studies to be carried out by national or regional institutions.
10. Project appraisal standards used in the scrutiny of individual project's profitability that have hitherto been followed in project selection by donors should change in favour of a programme approach and the use of simplified and other, multi-dimensional, criteria. Also, because most projects are at the idea stage, the proper preparation of detailed feasibility studies will be in order and the establishment of a fund (local and foreign) for these and other studies would be required. It is hoped that national priorities will not be affected in the course of the studies that are bound to change the shapes of projects and determine the choice of alternatives.
11. The very large number of projects and programmes entail enormous requirements in energy, calling for a sustained balance of payments support for the implementation of the projects and programmes and the attainment of the development goals and targets. It should also be pointed out that many governments have assumed the availability of external finance during the short-term (1981-1982) period of their plans. It is advisable that alternative scenarios be made about the likely volume of foreign assistance and its phasing.
12. Finally, there is a need to establish an institutional mechanism to assist African LDCs to: (a) conduct studies for the projects and programmes by mobilizing, co-ordinating and marshalling assistance through the UN system; (b) establish institutions for the preparation of projects; (c) formulate strategies and machineries for negotiations with donors; (d) co-ordinate efforts of African LDCs in the field of regional co-operation and development; and (e) follow-up, monitor and evaluate the projects and plans of African least developed countries during the 1980s.

II. INTRODUCTION

(i) Pursuant to UNCTAD resolution 122(V) of Manila which launched the New Programme of Action for the Least Developed Countries in the 1980s and the subsequent General Assembly resolutions, African least developed countries prepared country programmes. These country presentations have been reviewed by donors in the three review meetings held in Addis Ababa, the Hague and Geneva.

(ii) The present paper is intended to give a general overview of the country programmes of the African least developed countries for the 1980s. The paper is divided into two main parts, namely: (a) an outline of the major and macro-economic targets contained in the programmes and (b) observations on the projects for the 1980s as presented in the individual country documents.

(iii) The first part aims at: (a) highlighting the aggregate macro targets as contained in the country presentations and what their overall implications are for the economies of the least developed countries of Africa and the international community; (b) amplifying the common characteristics of the countries as a group and indicating their total aid requirements so that they can harmonize their position in Paris and in other subsequent meetings with donors; (c) assessing the feasibility of major targets in the light of historical experience, the Lagos Plan of Action and the international development strategy.

(iv) Although UNCTAD prepared guidelines for the preparation of the country programmes, there was no strict uniformity in the presentation of the country programmes. Only few countries attempted to provide a macro-economic analysis with projections for the 1980s and some country's programmes covered only the first half of the 1980s. Many countries focused mainly on projects and aid requirements. Thus, the macro-economic analysis has been made a little difficult because of the lack of the necessary and uniform data. Nevertheless, an attempt has been made to fill the data gaps by making estimates of some macro variables on the basis of the country presentations.

(v) The second part of the paper aims at analysing the projects contained in the country programmes of the least developed countries of Africa. It generally covers an analysis of projects within the context of these programmes. In addition, an attempt has been made in this part to look at such questions as: what will be the likely contribution of the projects to economic and social development objectives and to planned rates of growth? What are the status of the projects and the possibilities of implementing them over the period of the plans? How much are the projects dependent on external sources of finance, and what are the possible consequences? The paucity of information, however, has made it difficult to make detailed analysis of these questions and other pertinent issues like complementarity between projects, their regional distribution for a balanced inter-country and intra-country development, project outputs, etc.

III. OUTLINE OF MAJOR OBJECTIVES AND MACRO-ECONOMIC TARGETS

1. Over-all objectives and priorities of the plans

1. The general objectives of the African least developed countries which are general in line with the Lagos Plan of Action are summarized as follows:

- (a) doubling of GDP in the 1980s with a view to promoting the general welfare of the population of these countries;
- (b) self-sufficiency in food with some countries specifically indicating the objective of attaining nutritional self-sufficiency in quantity and quality;
- (c) provision of basic social services (mainly health, education);
- (d) a balanced regional development;
- (e) transformation in the structure of production by raising the share of industrial output in total GDP including the intensification of efforts in exploring and exploiting natural resources such as minerals, energy and water;
- (f) the creation of employment opportunities;
- (g) provision of adequate infrastructural facilities especially transport and communications and rural infrastructure.

2. In almost all countries, food self-sufficiency is accorded the highest priority. The other objectives are generally common in all country presentations but there are differences in the priority ordering. Thus, whereas health, nutrition and education come second to agriculture in some countries, transport, communication and energy constitute the second priority for others. In some cases it is industry, mining which have the priority following food self-sufficiency.

3. In addition to the long-term objectives in the country presentations, most of the countries outlined some short-term, emergency-type of objectives. These short-term objectives relate mainly to relief and rehabilitation of production units and infrastructure, inflation, improvement of the balance of payments situation especially with respect to oil and food import bills.

4. The goals that are not accorded adequate attention in the country preparations are those of job creation to meet the rising urban unemployment, manpower training and development, and development and choice of appropriate technology in conformity with the country's resource endowments.

2. Strategies and policies

5. The means and strategies for the attainment of these objectives include: expansion of, and improvements in, transport and communications geared to the objectives of raising agricultural and industrial output, rehabilitation of existing plants and equipment, completion of on-going schemes and improvements in capacity utilization, improvements in managerial and organizational capacity to raise the capital absorptive capacity, application of labour-intensive techniques in production, mobilization of the population to more actively participate in, and contribute to, development efforts, and mobilization of domestic resources especially savings.

6. In agriculture, some countries seem to have put emphasis on irrigated agriculture that is highly capital intensive with long gestation periods and with an almost built-in inefficiency. How much this will contribute to self-sufficiency in food or exports (in highly competitive commodity markets) is open to question. Another major policy in agriculture is the raising of agricultural productivity through improved farm mechanization and fertilizers and insecticides. It is also difficult to assess the soundness of such strategies since their realization is a function of detailed policy instruments to be used. In addition many country presentations outlined packages of policies such as, price incentive schemes, credit facilities and improvement of the marketing structures, storage facilities and feeder roads. The expansion and improvement of extension services is also emphasized in many of the country programmes.

7. For industry which is another important and dynamic sector, many countries have put emphasis on promoting light industries for consumer goods with increased attention to raising the productivity of small-scale industries. However, some countries have indicated a general trend towards the establishment of basic industries required for transforming the structure of the economy in order to create the conditions for self-sustained growth. Other important policies in the field of industry include inter alia maintenance of equipment increased domestic supply of spare parts, processing of export raw materials to increase their domestic value added and increased use of labour-intensive techniques. In many cases, areas in which private investment will be encouraged are broadly indicated.

3. An overview of some macro-economic targets

(i) Over-all GDP growth

8. All the countries have planned for consistently higher rates of growth than had been attained in the past, the average annual rate of GDP growth being about 6 per cent for the period 1979-90 as against an average of only 3.2 per cent in the 1970s. The table below summarizes the average annual growth rate of GDP for the African least developed countries as a group for selected periods.

Table 1. Average annual real growth rate of GDP and per capita GDP for African least developed countries as a group

	Annual growth rates of GDP	Annual growth rates of per capita GDP
<u>Historical</u>		
1960-1970	3.6	1.1
1970-1975	2.8	0.6
1975-1979	3.6	0.6
1970-1979	3.2	0.6
<u>Planned</u>		
1979-1983	4.9	2.1
1983-1985	6.5	3.6
1985-1990	6.6	3.7
1979-1990	6.0	3.1

Source: ECA Socio-Economic Research and Planning Division on basis of country presentations; ECA Statistics Division and UN Demographic Yearbook 1971, 1977 and 1978.

9. It should be noted that the planned annual average growth rate in the 1980s for the African least developed countries as a group is closely in line with the targets of both the International Development Strategy for the Third United Nations Development Decade and the Lagos Plan of Action. 1/

10. In general, given the almost untapped potential that African least developed countries possess, the presently large unutilized capacity and assuming increased flows of assistance the 6 per cent annual growth rate of GDP seems indeed achievable inspite of the 3.2 per cent realized in the 1970s when such problems as the balance of payments deficits, natural disasters, mismanagement, etc. strangled most of the economies of the African least developed countries. It should also be borne in mind that the planned high rates of growth are necessary to enable these countries to escape from the harsh and cold grips of poverty and to attain the objectives of economic and social development so clearly spelled out in the plans. Indeed, high rates of economic growth seem to be very much necessary to make a decisive break-through in economic and social development of the African least developed countries. All in all, however, the target growth rates of most countries constitute an immense challenge requiring maximum mobilization of efforts both at the domestic and international levels.

11. A breakdown of the average growth rates of GDP by individual countries reveals that for the period 1981-1985, the range of growth is between 3.5 per cent to 10.1 per cent. For the second half of the 1980s, however, the planned GDP growth rates vary from 5.3 per cent to 9.4 per cent. The ratio of targetted GDP to past growth rates consequently vary from 0.8 to 4.9 implying modest planned rates for some countries and ambitious targets for others and pointing to the fact that greater acceleration is envisaged in the second half of the 1980s.

12. In per capita terms the planned GDP growth rate of an average of 6 per cent yearly would imply that the average annual growth rates of per capita GDP for all African least developed countries would be about 3.1 per cent in the 1980s, as compared to what has been achieved in the 1970s of 0.6 per cent. Although this increase in per capita GDP may seem ambitious, it implies doubling of real per capita GDP in well over 20 years. This implies that it might be desirable to formulate and implement population policies which many countries have mentioned only in passing in the country presentations.

1/ See report of the 16th session of the Committee for Development Planning - E/1980/3, page 45 - low-income developing countries, Plan of Action for the Implementation of the Monrovia Strategy for the Economic Development of Africa, E/CN.14/781/Add.1, page 104.

(ii) Sectoral targets and structural transformation

13. One of the declared objectives of many African least developed countries in the 1980s is the structural transformation of their economies from one that is primarily agricultural to one where industry will have a greater role while simultaneously achieving food self-sufficiency. The changes in the composition of GDP are summarized in table 2. For African least developed countries as a whole agriculture is expected to grow at 3.5 per cent during 1979-83, at 4.5 per cent in 1983-1990. This growth rate is slightly higher than the target set by IDS for the Third United Nations Development Decade and substantially higher than the rate achieved in the 1970s. A set of optimistic conditions are assumed by many of the African least developed countries such as: good weather, much better agricultural policies and increased inputs and larger investments in agriculture. However, the target growth rate for agriculture seems necessary if the New Programme of Action is to be successfully implemented. This will not only increase food self-sufficiency, overall incomes and exports, but it will also reduce food imports and lay the foundation of sustained growth.

14. The share of agriculture in total GDP for the African least developed countries as a whole will decrease from 42 per cent in 1979 to about 34 per cent in 1990 and the shares of industry and services sector will rise substantially which is quite in line with the goal of structural changes.

15. The industry sector (including mining, manufacturing, construction, energy and water supply) is projected to grow by about 9 per cent per annum over 1979-1990. The projected growth rate in industry, is more than twice as high as its level in the 1970s, but it is close to the rate targetted in the IDS for manufacturing output growth in low income countries. However, given appropriate policies and adequate assistance to permit full capacity utilization, a growth rate in the range of 8-9 per cent rate per annum should be feasible in the 1980s.

Table 2. Average annual growth rate of agriculture and industry for all the African least developed countries and their shares in total GDP (per cent)

Period	AGRICULTURE		INDUSTRY	
	Growth rate	Share	Growth rate	Share
1970-75	0.71	48.4 (1970)	4.13	14.8 (1970)
1975-79	2.29	43.7 (1975)	3.96	15.9 (1975)
1979-83	3.48	41.5 (1979)	8.50	16.1 (1979)
1983-85	4.46	39.3 (1983)	8.37	18.3 (1983)
1985-90	4.51	37.8 (1985)	9.99	19.0 (1985)
		34.2 (1990)		21.5 (1990)
1970-79	1.41		4.05	
1979-90	4.13		8.79	

Source: Same as Table 1.

(iii) The external sector

16. For the African least developed countries as a group, export growth is projected at an annual average of 8.7 per cent during the period 1979-1990. Imports on the other hand are projected to grow by about 10.5 per cent for the whole group over the same period implying an elasticity of 1.75. The export growth rate of over twice the level achieved during the 1970s is rather optimistic in view of the projected growth of OECD member countries which form the main export markets. The import growth rate on the other hand seems necessary given the projected high GDP growth rate and the high import content of investments. While the export growth rate is significantly higher than the 6 per cent set by the Committee for Development Planning for low-income developing countries the import growth rate is in line with the Committee's target of 10 per cent for these countries in the 1980s. Table 3 gives the projected growth rates of both exports and imports for the African least developed countries as a group in selected periods.

Table 3. Annual average growth rate of exports and imports for the African least developed countries as a group (per cent)

Period	Exports Growth Rate	Imports Growth Rate
1970-1975	3.6	5.3
1975-1979	3.9	5.9
1979-1983	7.0	9.5
1983-1985	8.7	10.6
1985-1990	10.0	11.2
1970-1979	3.7	5.6
1979-1990	8.7	10.5

Source: Same as Table 1.

17. The trade deficit at 1979 prices is expected to grow substantially reaching US\$ 13.6 billion by 1990 and the cumulative trade deficit during 1980-1990 is estimated at US\$ 87 billion. The trade deficit as a percentage of total GDP of the group was 9.7 per cent in 1979 and it is expected to rise to over 15 per cent in 1990. The per capita trade deficit which was US\$ 26 in 1979 for all the African least developed countries will grow to US\$ 74 in 1990 at 1979 prices.

4. Savings and planned investment levels and structure

18. For the 20 African least developed countries the implementation of the country programmes will require very heavy investment expenditures. The total planned volume of investment has been estimated at US\$ 133 billion at 1979 prices for the periods 1981-1990 with some US\$ 80 billion or 60 per cent of this amount being in foreign resources and US\$ 53 billion or 40 per cent being in local resources. For this level of investment to generate an average annual rate of growth of GDP of about 6 per cent, the incremental capital output ratio should be about 3.3 as compared to an ICOR of about 3.8 in the 1970s which implies that there will be need for an improvement in the capital efficiency during the 1980s.

19. To analyse the structure of investment for the group as a whole, it should be noted that inter-country comparisons in the allocation of investment by sectors and sub-sectors is not easy, because a given project, or set of projects, is placed under different sectors in different countries. For example one country would define a sugar project as falling under agriculture instead of industry. Another country would lump electricity projects under manufacturing instead of energy. However, generally the pattern of investment allocation shows that relatively heavy emphasis has been placed on investment on economic infrastructures (comprising of transport and communications, energy, water supply and construction). There is nevertheless some similarity among countries in regard to the proportion of investment in economic infrastructures. For most countries planned investment in this area is in the range of 41-47 per cent of total investment, with transport and communications (roads in particular) absorbing a large share of this investment. Also emphasis is put by some countries on the productive sectors of agriculture, industry and mining. Planned investment in this area of economic activity falls within the range of 32-68 per cent of total investment, with the largest concentration being in agriculture. For many countries, however, relatively small amounts of investments seem to have been directed to industry and mining. Such an unbalanced allocation may not easily be reconciled with the declared objectives and targets of economic growth, which, among other things, include structural transformations of the economy. For example, it can be argued that the rate of economic growth depends, in the main, on the emphasis given to basic industry first and foremost, and then on commodity production both of which are required for transforming the structure of the economy in order to create the conditions for self-sustained growth. Investment requirements in industry and mining are presumably off-set by private investment, but this is not clear. It is difficult to envision the prospects of rapid growth, as envisaged in the plans, without directing resources to fast-growing sectors of the national economy.

20. It is also not clear whether the relatively high level of investment in economic infrastructures has been made on the basis of linkages with the other sectors. Unless carefully defined within the framework of strict complementarity and on the basis of derived demand and cost-benefit analysis, investment in infrastructures could entail a drain on resources to the detriment of other, directly productive, sectors of the economy. Given the nature of the projects in this and other areas it does not appear that there are such complementarities, in which case such investments can easily end up being less unproductive than anticipated.

21. For those countries that have allocated a relatively large proportion of investment to social services an influential factor has been the emphasis placed on education. Some countries have earmarked as much as 35 per cent of total investment to education and training. It is not easy to predict the precise impact of huge investment in education, particularly at the lower levels, on rates of economic growth. It is therefore apparent that a careful definition of investment in social services would be necessary so as to compare benefits among sectors that are likely to make an immediate impact on growth.

22. In table 4, consumption and savings are given as percentage of total GDP for different periods along with their periodic rates of growth. The table shows that many of the African least developed countries are planning to exert maximum efforts to mobilize domestic savings. Savings are planned to reach around 15 per cent of GDP implying a marginal propensity to save of 0.23, and growth of consumption is contained at 5.5 per cent per annum. In many cases, the country programmes contain adequate provision for fiscal and monetary policies that hopefully will enable the countries to mobilize the planned savings.

Table 4. Consumption and savings as a percentage of total GDP.

Period	C O N S U M P T I O N		SAVINGS
	As a % of total GDP	Growth rate	As a % of total GDP
1970-75	89.9 (1970)	3.22	10.1 (1970)
1975-79	92.0 (1975)	4.14	8.0 (1975)
1979-83	93.4 (1979)	4.91	6.6 (1979)
1983-85	91.7 (1983)	5.83	8.3 (1983)
1985-90	89.9 (1985)	5.92	10.1 (1985)
	85.4 (1990)		14.6 (1990)
1970-79		3.62	
1979-90		5.53	

Source: Same as table 1.

5. Aid requirements

23. As indicated earlier, the aid requirements of the 20 African least developed countries amount to US\$ 80 billion. This figure, although high in the light of present aid levels, cannot be regarded as unrealistic since it implies an average annual inflow of assistance of 8 billion dollars to be compared with US\$ 4.1 billion actually realized in 1979. It is actually consistent with the proposals made by the Group of High-Level Experts on the least developed countries which called for doubling in real terms by 1985 and quadruppling by the second half of the 1980s.

IV. OBSERVATIONS ON THE PROJECTS IN THE COUNTRY PROGRAMMES FOR THE 1980s

1. Relationships between the macro-plans and the projects presented

24. To the extent that projects form the building blocks of a plan, their proper selection, preparation, appraisal and timely implementation is crucial. If this is poorly done, then the objectives and targets pronounced in a plan, to which projects are so closely tied up, are undermined. On the other hand, if projects are well formulated, in all their details, then the probability of obtaining financial commitments and of implementing the plan is highly dependable.

25. In order to attain the objectives and targets set out in the national plans, the African least developed countries presented in their country programmes a portfolio of projects. The total cost of the projects in the programmes including both the foreign and local components are likely to be underestimated because a number of countries have not costed several projects and in some instances, even whole sectors have not been covered in the profiles or project listings. As a result the discrepancy between total gross investment in the macro-framework and investment by projects is considerable. For example, total gross investment for one country is given as US\$ 9.41 billion in the macro plan, whereas the cost

estimates of the projects in the profiles add up to only US\$ 5.498 billion, leaving a large gap of US\$ 5.912 billion in investments not supported by projects. And it is not clear whether this amount of investment is going to be accounted for by investment in the private sector. Another reason for not having fully costed projects may be the fact that no studies have been prepared, and this has to do with project planning in general and project preparation in particular.

26. The fact that projects included in the country presentations are at a low level of preparation raises the question whether there is consistency between the macro and micro levels. If there is no consistency, the projects are bound to be reduced to a shopping list, and planning to a mere exercise in the quest for foreign assistance, so that with little or no relationship between the macro and micro levels, it would be difficult to ascertain that envisaged rates of growth in GDP are achievable.

27. Consistency between macro and micro levels are attained if physical targets are first worked out at the sector and sub-sector levels and if projects are drawn up in light of these targets. However, it is not clear if this was the case in many country presentations.

28. Another pertinent question relates to whether the projects and programmes in the country presentations will bring these countries nearer to the solution of the most critical problems of development and the attainment of the objectives set for energy and increased foreign exchange earnings, eradication of food shortages, creation of employment and others.

29. It will be noted that a large volume of investment of some US\$ 133 billion has been envisaged for the 1980s and this investment will require an enormous use of energy in industry, in transport, in agriculture, in power generation, etc. The demand for energy will continue to be enormous and it is by no means clear how it will be possible to meet such needs for the future. Some countries have already made it clear that energy requirements will absorb most of their export earnings, and with a little more accelerated rate of economic growth all export earnings might be wiped out altogether by the oil import bills. The projects and programmes for the 1980s provide no clear and explicit ways and means of mitigating this very important problem.

30. Despite the sectoral priority given to agriculture and the commitment of the relatively high level of total resources, the problem of food shortage is a problem that is likely to remain for sometime. Judging by the nature of the agricultural projects and programmes, and in view of the unabated increase in the size of the population of these countries and nature's continued erratic behaviour, food production might not adequately meet the needs of the expanding population and may indeed fall far short of what will be required.

31. One key element in the strategy for the development plans for the 1980s would have been the creation of large scale employment. The population of the countries under consideration will continue to increase at an average of about 2.8 per cent per year; implying that, over the decade, an additional 51 million people will have to be fed, clothed and provided for with shelters and an additional 26 million people will have to be provided with jobs. On the basis of the projects and programmes presented, the provision of employment opportunities on such a scale seems to be an almost impossible task. Therefore, in terms of the contribution of the presented projects and programmes to such key issues of the decade of the 1980s as well as to any spectacular growth in economic and social development in general, the projects and programmes in the country presentations can only be said to have a rather low score.

2. Assessment of the status and costs of the projects in the country presentations

32. As regards the level of project preparation, a large number of the projects included in the country presentations have no studies or are only at the conceptual or preliminary stage. For example, all the energy projects listed under industry in one of the least developed country's presentation have no studies whatsoever. Close to 70 per cent of the projects presented by another country are ideas or are only at the preliminary stage. And out of the 55 "high priority" projects presented by some countries only 26 are said to have some sort of a feasibility study. The remaining 29 projects have no studies or have only preliminary studies. Many projects in mining have no studies as do over 50 per cent of the projects in the "priority" agricultural sector. Another country has over 40 per cent of its projects either at the conceptual or the preliminary stage: yet another country has listed over 35 projects as having no studies whatsoever and 84 projects, or 66 per cent of the total as having only some sort of a study.

33. With regard to the nature of the projects it should be noted that a number of countries have given considerable emphasis to the rehabilitation, expansion or extension of existing economic activities, and this accounts for about 23 per cent of the project population. However, even in this area only a few projects can be said to have some sort of feasibility studies.

34. The shortage, or absence, of sufficiently detailed projects itself emanates from the prevailing weakness in the institutional framework for project planning. Such institutions are non-existent in a number of the countries or are not sufficiently strong for the task of project planning. This calls for the immediate establishment of such institutions in countries where they do not exist and their strengthening where they exist. Some countries have realized the urgent need for such institutions and have quite appropriately asked for assistance to set up Project Preparation Bureaus.

35. In addition, it should be noted that the conditions and criteria set by donors and financing institutions involve rigid project preparation and appraisal standards which have hitherto played a significant role in the choice of projects by donors in general. Given that almost all the projects are dependent on external finance and given the existing criteria for project preparation, getting the majority of the projects off the ground in time is very difficult and this has no doubt, repercussions on the timely attainment of objectives and accelerating growth.

36. It is certainly important and desirable that projects should be appraised, for the appraisal of a project determines its economic viability and technical feasibility and also helps in determining the proper allocation of scarce resources. It is important, however, that the unitary dimension of profit maximization in project appraisal should be supplemented, if not altogether substituted, by multi-dimensional criteria such as, increase in national income (value added), the social impacts of a project (employment, income distribution, etc.), bottleneck removal (foreign exchange shortage, balance of payments, etc.). To be sure, economic benefits are easier to quantify in project appraisal, but there are other criteria, quantifiable or non-quantifiable, which are more important and which relate micro elements more directly and meaningfully to the macro objectives of a plan. This point may be considered for negotiation with donors in connection with aid modalities.

37. Even assuming, however, that all the projects are prepared in sufficient detail to the satisfaction of donors, the question remains whether the organizational administrative and institutional capacity can expand parallel with the rate of increase in the construction and operation of projects. Institutional constraints have been emphasized and cited as being one of the primary bottlenecks in connection with existing projects. The construction of all new projects can only mean an added strain on the existing manpower, particularly during the short and medium-terms of the plan periods. Availability of funds and proper project preparation by themselves cannot assure the implementation of projects.

38. Since most of the projects in the country presentations have not assumed specific shapes, and since the process of project preparation itself will change the project shapes as well as the costs, the cost of the projects as noted earlier would seem to be grossly underestimated. Projects for which some form of feasibility studies are said to be available are also bound to be updated and appraised by the time financing is available, as is the custom with donors. Preparation of feasibility studies for which little or no studies are available, updating of feasibility studies as well as engineering designs would require thousands of man-months and the costs, both local and foreign, could run into several million dollars. For most of the countries, no allowance seems to have been made to cover such costs and contingencies.

39. For those projects for which little or no studies are available, the question remains how investment cost estimates have been arrived at. Cost estimates for projects are extremely elusive, even for those for which detailed feasibility studies are available. Only at the engineering design level are near-accurate cost estimates made. The point raised here is not meant to imply that the cost estimates presented are wild conjectures, however, since there presumably are concrete grounds for the estimates.

40. It is therefore likely that the above factors will increase the costs of the projects by a substantial margin. Consequently, early and timely consideration should be given to revising the costs, as well as to local budgetary adjustments, since project studies, in aggregate, will involve substantial amounts of local (and foreign) funds. The investment requirements of the portfolio of projects can therefore said to be the minimum, but bearing in mind the fact that to a large extent, a large part is to be donor financed, due attention should be paid to the likely implications of a heavy reliance on external finance. Some such implications are briefly discussed below.

3. Some implications for a successful implementation of the country programmes in the 1980s

41. Firstly, it should be noted that, while a judicious and optimal allocation of resources would require that projects and programmes should be studied in detail to prevent the mis-allocation of scarce resources, a large number of the projects and programmes in the country presentations have no studies or have preliminary studies only. This implies that both considerable time and amounts of money would be required for their proper preparation and appraisal. Hence the implementation of the presented projects might take some time.

42. Secondly, since the capital cost of the projects and programmes can be said to be presently underestimated it might be necessary to update the various projects by the time financial commitments are made because of cost overruns, etc.

43. Thirdly, the very large number of projects and programmes entail enormous requirements in energy, calling for a sustained balance of payments support for the implementation of the projects and programmes and the attainment of development goals and targets.

44. Fourthly, given the fact that most projects are at the idea stage will bring the influence of donors to bear on the selection of projects. Obviously, these projects would have to be studied by teams of foreign consultants with little or no intimate knowledge of the countries' broad objectives and pressing problems. Since these consultants are to be commissioned from donor countries, donors will find themselves in a particularly strong position to influence the conduct of project preparation and in the proposal of alternatives acceptable to them. And if they come forward with a financing decision they might want to have a strong say in project selection and hence in national priorities. Hence donor influence, capable of even undermining national priorities must be anticipated,

45. In addition, such a heavy dependence on foreign assistance, once started, may have no end given the continuing deteriorations in the international economic situation whose worst victims will continue to be the least developed countries. This might eventually lead to what one may characterise as a dependency syndrome, and might undermine efforts at national and regional levels.

46. Fifthly, as it has been pointed out earlier, the shortage or absence of sufficiently detailed projects calls for a greatly improved institutional framework for project preparation in the individual African least developed countries. Such institutional framework will undoubtedly assist the public, as well as private, sector in project planning. The creation of such institutions would have a two-fold benefit. First, projects will be prepared in a systematic and consistent fashion as part of the exercise in planning, and this will enable their successful promotion and implementation. Secondly, the institutions will perform other functions connected with the follow up and monitoring of project implementation and thereby enhance the continuous progress of plan implementation. However, it should be remembered that the creation of such institutions and their effectiveness in project planning is an exercise that can only develop over a long period of time. For this very reason such institutions should be established forthwith and strengthened whenever they exist as an important requisite for the formulation and implementation of projects. It would perhaps also be beneficial if such institutions could also be established at subregional and regional levels. Finally it is believed that such institutions' effectiveness would be greatly enhanced by the provision of a Fund for project studies.